

HOUSE BILL 11

Introduced by Bardanouve

7/02	Introduced
7/02	Referred to Taxation
7/02	Fiscal Note Requested
7/06	First Reading
7/07	Fiscal Note Received
7/07	Fiscal Note Printed
7/08	Hearing
7/15	Tabled in Committee

HOUSE BILL NO. 11

INTRODUCED BY BARDANOUE

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE MONTANA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION TAX OFFSET; AMENDING SECTION 33-10-230, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-10-230, MCA, is amended to read:

"33-10-230. Tax -- writeoffs of certificates of contribution. (1) Unless a longer period has been allowed by the commissioner, a member insurer shall at its option have the right to show a certificate of contribution for a Class B assessment only as an asset in the form approved by the commissioner pursuant to 33-10-227(8), at percentages of the original face amount approved by the commissioner, for calendar years as follows:

- (a) 100% for calendar year of issuance;
- (b) 80% for the first calendar year after year of issuance;
- (c) 60% for second calendar year after year of issuance;
- (d) 40% for third calendar year after year of issuance;
- (e) 20% for fourth calendar year after year of

issuance.

~~(2) -- The insurer may offset the amount written off by it in the calendar year under subsection (1) above against its premium tax liability to this state accrued with respect to business transacted in such year.~~

~~(3)(2)~~ Any sums acquired by refund, pursuant to 33-10-227(6), from the association which have therefore been written off by contributing insurers ~~and offset against premium taxes as provided in subsection (2) above~~ and are not then needed for purposes of this part shall be paid by the association to the commissioner and by him deposited with the state treasurer for credit to the general fund of this state."

NEW SECTION. **Section 2.** Effective date -- retroactive applicability. (1) [This act] is effective on passage and approval.

(2) [This act] applies retroactively, within the meaning of 1-2-109, to an insurer's premium tax liability to this state with respect to insurance business transacted during calendar year 1992 and thereafter for insurance covering subjects residing or risks located in Montana.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0011, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act eliminating the Montana Life and Health Insurance Guaranty Association tax offset.

ASSUMPTIONS:

1. All insurers will take the guaranty fund assessment against premium taxes per current law.
2. A guaranty fund assessment of \$5,000,000, levied in 12/87 was paid by insurers in 1988.
3. Guaranty fund assessments of \$5,000,000 were levied and paid in each of the following calendar years: 1988, 1989, 1990, 1991 and 1992.
4. No administrative costs will result to the state of Montana as a result of passage of this bill.
5. Approximately 70% of the amount of assessment offsets available to insurers will actually be taken against premium taxes in the future (based on experience in fiscal year 1992).

FISCAL IMPACT:

Revenue: Insurance Premiums Tax
(Increase in General Fund Revenue)

Assessment offset:

		<u>FY93</u>	<u>FY94</u>
CY	87/88	1,400,000	1,400,000
	89	700,000	700,000
	90	700,000	700,000
	91	700,000	700,000
	92	0	700,000
	Total	3,500,000	4,200,000

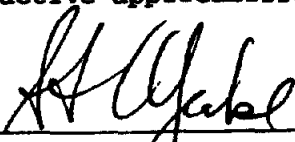
LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Passage of the bill would result in increased general fund revenue in subsequent fiscal years, as follows:

Fiscal year 1995: \$3,500,000
Fiscal year 1996: \$3,500,000

TECHNICAL NOTES:

The retroactive applicability of the bill may face a constitutional challenge.


STEVE YEAKEL, BUDGET DIRECTOR
Office of Budget and Program Planning

7/7/92
DATE


FRANCIS BARDANOUBE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0011, as introduced

HB 11